

## Message Text

UNCLASSIFIED

PAGE 01 SEOUL 01736 030729Z  
ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 EB-08 COME-00 SSO-00 /022 W  
-----030731 128272 /17  
O 030647Z MAR 77  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC IMMEDIATE 2429

UNCLAS SEOUL 1736

PLEASE PASS EXIM BANK

E.O. 11652: N/A  
TAGS: EFIN, KS BENC  
SUBJ: KECO LETTERS OF INTENT TO UNITED TECHNOLOGIES - MAJOR  
PROJECT

REF: SEOUL 0946

1. ON 2 MARCH 1977 KOREA ELECTRIC COMPANY (KECO) OVERSEAS MATERIALS DEPT. CONFIRMED TO EMBASSY THAT KECO HAD PASSED TO UNITED TECHNOLOGIES CORPORATION (UTC) TWO LETTERS OF INTENT FOR PURCHASE OF 60 MW GAS TURBINE PLANT AND 320 MW COMBINED NHCLE POWER PLANT. LETTERS OF INTENT ARE DATED FEBRUARY 28, 1977 AND ARE BASED ON UTC PROPOSALS #2297 AND #2298 OF 4 FEBRUARY 1977. APPROXIMATE VALUE OF THESE TWO PROJECTS IS \$80 MILLION.

2. BUPYONG 60 MW GAS TURBINE PLANT WILL OPERATE DURING OR BEFORE SEPTEMBER 1977 TO PROVIDE PEAKING POWER TO SEOUL AREA THE ULSAN 320 MW COMBINED CYCLE POWER PLANT WILL OPERATE IN 1979 WITH FIRST GAS TURBINE UNITS TO BE SHIPPED BY JUNE 1977 TO ACCOMMODATE EARLY OPERATION. BOTH LETTERS OF INTENT STATE THAT UTC, AT KECO'S REQUEST AND AT KECO REIMBURSEMENT OBLIGATION IN EVENT OF CANCELLATION, IS TO BEGIN FABRICATION OF PLANT EQUIPMENT UPON RECEIPT OF LETTER OF INTENT. BOTH  
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LETTERS ALSO NOTE UTC OBLIGATION TO IMPLEMENT LOCALIZATION PLANT AT KOREAN GOVERNMENT DIRECTION. UTC HAS ADVISED EMBASSY THAT IT HAS SELECTED DAEWOO HEAVY INDUSTRIAL COMPANY AS LOCAL PARTICIPANT.

3. KECO LETTER OF INTENT FOR ULSAN COMBINED CYCLE PLANT STATES KECO COMMITMENT IS MADE UNDER CONDITION THAT US

EXIM BANK FINANCING FOR PROJECT WILL BE AVAILABLE. LETTER  
OF INTENT FOR BUPYONG GAS TURBINE PLANT DOES NOT MENTION  
EXIM FINANCING REQUIREMENT AND KECO IN FACT ELECTED  
TO PROVIDE UTC TWO SEPARATE LETTERS OF INTENT BECAUSE THEY  
UNCERTAIN AS TO EXIM ATTITUDE TOWARD KECO INCLUSION OF  
SMALLER BUPYONG PROJECT WITH ULSAN COMBINED CYCLE REQUEST.  
EMBASSY UNDERSTANDS KECO WILL CABLE EXIM ON 3 MARCH TO REQUEST  
THAT IT BE ALLOWED TO PROCEED WITH LOAN APPLICATION WHICH  
PLACES BOTH PLANTS IN PACKAGE DEAL. UTC AND KECO HAVE CONFIRMED  
THAT BASED ON EARLY EXIM RESPONSE FINAL CONTRACTS CAN BE  
COMPLETED BY LATE MARCH 1977 WITH RESULTING PROMPT  
DELIVERY OF INCREASED ELECTRICAL GENERATING CAPACITY.  
STERN

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, ELECTRIC POWER PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 03-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Margaret P. Grafeld  
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